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JPRS 81368

26 July 1982

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West Europe Report

No. 2003

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FOREIGN BROADCAST INFORMATION SERVICE

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26 July 1982

WEST EUROPE REPORT

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OFFICIAL SEES POWER SHORTAGE BY END OF EIGHTIES

Oslo AFTENPOSTEN in Norwegian 18 Jun 82 p 28

[Text] "Electricity suppliers have indicated earlier that the power expansion program approved by Storting through the Energy Report is too restrictive. It now appears that consumption is rising more than the Energy Report anticipated. At the same time, there is a danger that some projects may be delayed. This will lead to electricity suppliers in a growing number of counties having problems in assuring access to energy."

This was asserted by Sigmund Larsen, director general of the Norwegian Hydroelectric Agency, in a speech Thursday to the annual meeting of the Association of Norwegian Electric Plants. Larsen pointed out that we are 2 billion kilowatt hours over the predictions in the Energy Report and the rise in consumption this year is alarmingly high. In addition, in counties with a weak energy balance, there has been concealed rationing, which does not appear in any of the statistics, according to Larsen.

He said covering energy needs in the last half of the 1980's could be particularly difficult because work on an overall plan for remaining waterways has put a limit on getting new projects ready.

Director general Larsen specifically mentioned the Svartisen and Breheimen expansion projects as examples of projects that could be delayed.

In the speech, Larsen warned that the sharp rise in state energy prices could continue in the 1980's. Storting has approved stricter rules for paying interest and principal on state loans and this will increase the operating budgets of the state power plants by 1.1 billion kroner in 1986, Larsen said.

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CSO: 3108/127

NORDIC PRIME MINISTERS MEET IN DENMARK FOR ECONOMIC TALKS

Oslo AFTENPOSTEN in Norwegian 26 Jun 82 p 3

[Article by Arild Isegg]

[Text] Ribe, Denmark, 25 June--Norwegian Prime Minister Kare Willoch has put to shame the predictions that Norway under a Conservative government headed by him would be a stumbling block to Nordic cooperation. He was the only participating government leader to present concrete suggestions for the development of cooperation at the meeting of Nordic prime ministers in Denmark today.

Norway wants the other countries to agree to free the movement of capital, allow free ship registration and encourage cooperation in the area of computer technology. The Norwegian initiatives have a single purpose--to remove legislative and other hindrances to cooperation and to stimulate mutual trade and industrial cooperation.

This is a goal that is attracting an increasing response from Nordic politicians. At a time when there are substantial economic and employment problems in all the Nordic countries, the realization is growing that in the economic area, a coordinated Nordic effort is most needed and could have the greatest beneficial impact for all the Nordic people. There was a widespread sense of unanimity that active, goal-directed moves are what is needed now when the prime ministers met in connection with the Nordic Council session in February/March of this year. A subsequent move has been awaited, especially for the purpose of giving the Nordic Council something to sink its teeth into before the next session, so that it could lead to a result-oriented uniting of forces that has long been missing.

The meeting of heads of state here in the little town on the west coast of Jutland was not really intended to be a heavy work session. The Nordic prime ministers meet two or three times a year, most recently in Helsinki last December, when Willoch appeared for the first time as prime minister, with the meeting before that having been held in Harpsund in May. The meeting now is being held "out of order" and came about as the result of an invitation from Danish Prime Minister Anker Jorgensen. The occasion is that the Nordic prime ministers have been invited to attend the anniversary

Kiel Week celebration. The prime ministers will proceed to Kiel on Saturday afternoon after a relaxing morning devoted to the scenic sights of gentle Jutland.

No agenda was set up for Friday's political talks and nothing special was scheduled for discussion. But while the other prime ministers apparently felt that there were no urgent Nordic cooperation issues to discuss, the Norwegian prime minister felt that this occasion to do some constructive work should not be wasted.

The Norwegian initiatives concern areas of cooperation that have little "public appeal," but even so they are aimed at strengthening the basis for the welfare state and are a response to demands also made by Nordic union groups to do something more effective in the area of economic policy. Fewer ceremonial speeches and more purposeful political work!

The only push is occurring in the area of foreign exchange policy where there are sizable problems in getting measures implemented. As a step in the effort to remove hindrances in national laws and practices to business cooperation, a committee of government officials has issued a report with conclusions that are not particularly positive. Therefore, a Norwegian-Swedish cooperative group has been appointed to look more closely into the possibilities for liberalizing the movement of capital between the two countries. Here too the conclusion seems to be that it will be difficult to proceed any further without coming into conflict with broader multi-lateral commitments. Greater freedom for capital in the Nordic region would involve discrimination against the other OECD nations. But it should be possible to do something in limited areas, for example the sale of stocks registered on the exchange, according to the Norwegians. But this requires clear political signals that the Nordic lands will introduce uniform laws and practices. Prime Minister Kare Willoch has raised the issue up to the political level by making the concrete proposal that the Nordic lands introduce coordinated liberal regulations for the movement of outgoing capital.

The Norwegian desire to expand Nordic shipping cooperation is also a step in the direction of general liberalization. Norway gives Norwegian shipping firms an automatic license to establish subsidiary companies in other Nordic lands and Kare Willoch proposed to his colleagues that these countries reciprocate. Such a move would also be in line with the view agreed on by Nordic shipowners, namely that increased access to internationalization is one of the prerequisites for a strong and viable Nordic shipping industry.

The Norwegian initiative in the area of computer technology is based on specifying working goals while we are still in a clarification phase. A computer technology group appointed in 1980 has issued a report with charts, analyses and proposed measures concerning the effect of computer technology on employment, job environment and economic life. A final report with further concrete proposals will be issued in the fall. The

topic will be one of the most important matters at the 31st session of the Nordic Council.

The Norwegian prime minister stressed to his colleagues that the Nordic lands had every conceivable interest in stepping up the coordination of laws and regulations in various fields, such as data technology, data communications, systems development and data processes in administration and production. Standardization and coordination are important, among other reasons to avoid technical trade obstacles, but also to prevent abuses. But priorities cannot be set for these tasks until the final report has been issued.

The Nordic prime ministers agreed to ask the ministers in those fields to examine in more detail the problems in the three areas to which Kare Willoch directed their attention. In the next round, they will evaluate the concrete steps that must be taken.

The only other Nordic cooperation issue that was raised in the talks concerned problems on the gray labor market. At Finland's request, these problems will now be analyzed. As an exporter of labor, Finland is very aware of these problems.

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CSO: 3108/127

TRADE SURPLUS WITH EAST, BUT COMPETITIVENESS LOST IN WEST

Helsinki HELSINGIN SANOMAT in Finnish 15 Jun 82 p 23

[Article including interview with Managing Director Kaarlo Yrjo-Koskinen of the Foreign Trade Association by Jussi Jalkanen: "Competitiveness Weakening in Western Markets, Sweden Surpassing Finland"]

[Text] Finland's hold in the Western markets slipped quite badly in the beginning of this decade in the shadow of the boom in exports to the East. Our export industry has lost its share of the market at an accelerating rate. In the years 1980--81 losses amounted to approximately 10 percent -- last year alone 4--5 percent of the markets were lost.

The only consolation so far is that our dear neighbor, Sweden, has had even less success. In the 1970's Sweden lost a share of the market equivalent to Finland's total share, but since devaluation in the fall the rate has accelerated and Finland is falling behind its neighbor. Finland's competitive ability compared to Sweden has not been this weak in 20 years.

Heikki Tulokas, who has studied Western markets in the Industrial Association (TKL), states that the loss of market shares in the last 2 years corresponds to the loss of competitiveness in the same period of time.

The positions of the 1970's are now becoming topsy-turvy at a rapid rate. Sweden lost nearly one-third of its share of the markets in the last decade.

Trade With Sweden Already Showing A Deficit

Finland's years of success were 1975--79 when Finnish exporters became fat primarily at the expense of Sweden and particularly in the area of wood products.

Today's news is alarming. Trade between Finland and Sweden has in one fell swoop become a deficit for the Finns. At the same time Sweden has surpassed Finland with respect to its competitive ability -- devaluation and other supportive measures have given the Swedes a psychological boost.

Competitiveness Declining

Heikki Tulokas points out that the competitive ability of Finland's export industry will this year be clearly below the long-term average. The situation is difficult since all the goals for economic growth are for the most part placed on the shoulders of recovery in exports to the West.

Economic recovery in the Western markets has been expected for a long time already, but development is to the contrary; in the last 2 years Finland's exports to the West have declined. Last year they fell off by 4 percent.

A comparison of Finnish and Swedish exports is a two-edged sword from the Finnish point of view. Indeed, Sweden is an important Western market for us. Demand in Sweden has in recent years increased at a rate that has been slower than the average and it has reduced our country's export opportunities. The same distressing development has been repeated in another important export market, England.

Until now Sweden's problems have been to Finland's advantage in competing in many market areas with the same products. Thus Finland has been able to take over markets from Sweden in third-party markets.

The relatively forceful area-wide concentration of our exports has turned out to be problematical for the reason that economic development in certain important export countries has been weaker than the average development in trendy industrial countries. This is especially the case in England and Sweden where industrial production from a practical point of view has not grown quantitatively at all since 1973.

Also the commodity structure of our exports has enhanced the reflex effects of fluctuations in the international markets. This has also happened in the current recession although not nearly to the same degree as in the previous economic low in the middle of the 1970's. The rapid diversification of exports in the last few decades has had a definite stabilizing effect on our economic development.

The market share of Finland's export industry has been studied in the Industrial Association's survey according to product lines in 14 Western countries. A new feature is a comparison of Finnish and Swedish trade with EC-countries. The importance of the OECD area, which is being studied, in world trade is significant since its share is still approximately two-thirds even after the oil crises.

Measuring the value of a share of the market is made more difficult by the effects of oil crises. Tulokas states that we have attempted to eliminate their effects.

Finland Has Been Able To Compensate for Oil

According to Tulokas Finland seems to have managed to avoid any losses in the share of the markets until 1979 inasmuch as crude oil prices are excluded.

"Through an increase in export prices Finland has been able to compensate for the price increase in crude oil better than the market economy countries on the whole. The export prices of products of the wood processing, basic metals, and chemical industries, among others, have closely adhered to the world market prices of raw materials," states Tulokas.

Are Not Finland-Weeks Effective?

[Question] Finland has shown losses in its share of the Western markets. Since the spurt at the end of the 1970's our industry has lost one-tenth of the share of the markets in the first 2 years of this decade. Have our export consultants fallen asleep -- Managing Director Kaarlo Yrjo-Koskinen of the Foreign Trade Association?

[Answer] Certainly not. Marketing activities have improved -- it is a question of a loss of competitiveness.

[Question] Measures for promoting exports have been directed primarily at just those Western markets -- have not the Finland-weeks been effective?

[Answer] We have an especially comprehensive program for promoting exports in Western Europe. The results fluctuate from one product line to another. Some have had exceptional results.

[Question] Have firms forgotten the West in the spell of trade with the Soviet Union?

[Answer] Certainly not. However, the argument holds true with respect to some in the area of consumer goods.

[Question] How much support does our export industry receive annually from the Foreign Trade Association?

[Answer] It is difficult to say exactly. Campaign activities consume 50 million markkas, of which enterprises pay approximately half. In addition to this, there are publications, consulting work, and so on.

[Question] Is there any benefit from this activity?

[Answer] I believe and I know there is. In a country in which even the big enterprises are small on an international scale emphasis has been placed on the effective promotion of exports. Without this, the results would not be as good.

[Question] Why do you oppose changing state export aid into credits or loans. Would not then only firms that are in actual need avail themselves of such aid?

[Answer] Applying for aid in the form of loans is rather a waste of time. Since the sums are small, it is questionable as to whether it is worth the trouble. Assistance is another matter. Let me cite an example: firms have

established affiliates abroad in the belief that they will receive state assistance for 3 years -- surprisingly the situation changed so that they receive only loans. Calculations are now confused.

[Question] Liberal trade thinking opposes any kind of aid. Would it not be in accordance with the interests of firms and the public good that they themselves promote their own exports. Some must do this in any event?

[Answer] In Finland industry does not receive actual aid. Compared to our competitors assistance for promoting exports is small and it is in accordance with international regulations.

[Question] If exports are supported, are they supported selectively or automatically?

[Answer] Consideration should be given on a case by case basis. We should not support economically unrealistic ventures.

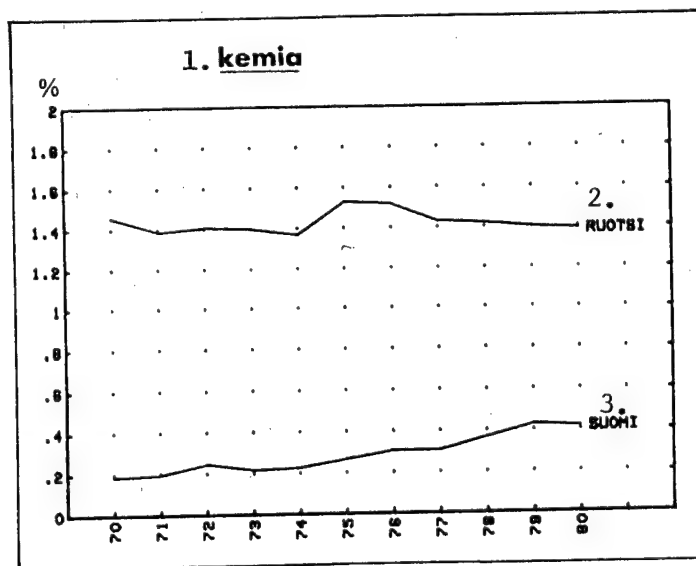
[Question] Is the support continuous or short-term?

[Answer] Unconditionally short-term -- only for new projects.

[Question] In 1980 Finland's share of the EC markets was 0.86 percent -- what will it be in 1990?

[Answer] That I will not predict.

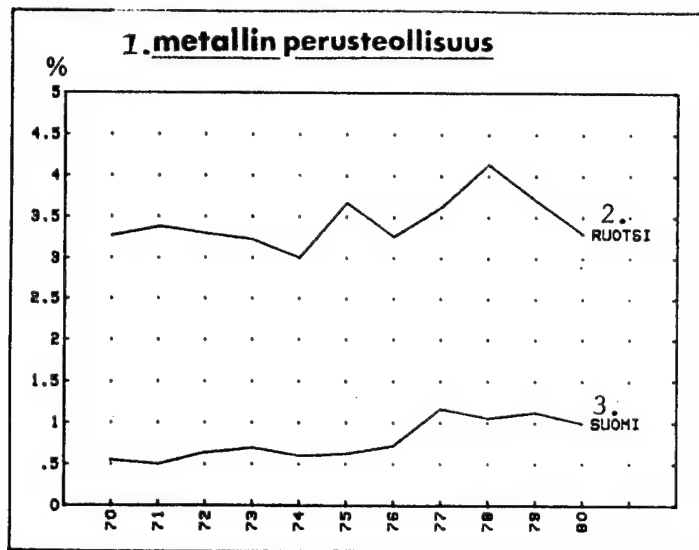
International Competition Among Marginal Importers
or Sweden--Finland on the EC Arena



Key:

- 1) Chemicals
- 2) Sweden

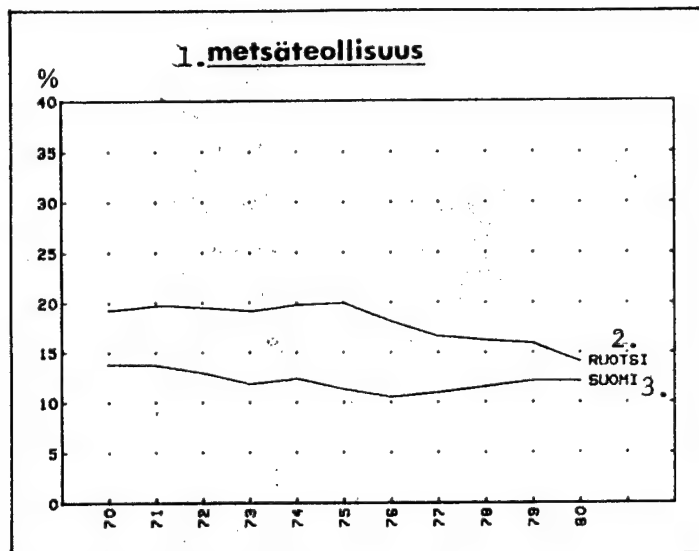
3) Finland



Key:

- 1) Basic metals Industry
2) Sweden

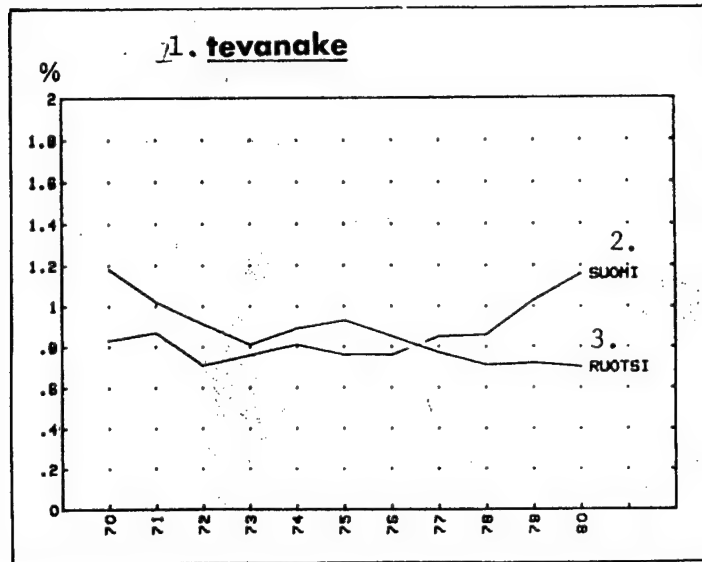
3) Finland



Key:

- 1) Forest industry
2) Sweden

3) Finland



Key:

- 1) Textiles and clothing
- 2) Finland
- 3) Sweden

Sweden's Wood Shortage To Finland's Benefit

In the forest industry exporters of cellulose as well as paper and cardboard lost market shares in the years 1970--80. Paper and cardboard fell from 15.8 percent to 13.7. Cellulose, for its part, declined from 15.54 percent to 12.14 percent.

The difference in development between Sweden and Finland is the most conspicuous in the market shares for cellulose. In the EC area Sweden lost one-third of its share of the market within 10 years falling to 21.4 percent in 1980. Finland's downhill trend reduced its share of the market to 12.14 percent (at times even in the 8-percent range). Last year Sweden gained slightly less than 1 percentage point and Finland lost .5 percent.

According to the manufacturers of cellulose Finland's and Sweden's success in the EC market is difficult to compare since Sweden suffered from strikes and a shortage of wood during strong years in the market. A forecast for the future is difficult even with respect to cellulose; if there is an alleviation in Sweden's wood shortage, the situation can even out.

Also Sweden has become more aggressive in the cellulose markets because of its devaluation last fall. Finland and Sweden are struggling as exporters of raw materials for the paper industry over a long term in the same boat against exporters outside of Europe. The policy of manufacturers in the southern states of the USA is now particularly aggressive -- thus the U.S. market share in Europe has increased perceptibly in the first 5 months of this year. Canada fell off slightly from last year in the beginning of this year.

Trade With East Does Not Disrupt Clothing Exporters

Clothing exporters dispute the argument that they were forcefully caught up in the spell of growing Soviet markets. However, the sudden reduction of this growth came as a surprise to everyone and the ties maintained with the EC area are now invaluable.

Sweden is no longer considered an actual competitor -- its chances are seen as small. Indeed, Sweden's share has decreased to half of Finland's market share in the EC-countries.

Even though clothing exports have been able to find new markets in the West until the end of the last decade, the situation is still not good. The weakening of competitive ability and the disadvantage with respect to currency exchange rates are gnawing away at the foundation.

A new threat is the so-called concealed imports of cheap goods or products manufactured by West German firms in developing countries. The prices of products imported from there and manufactured at home are mixed in such a way that no one can determine actual manufacturing expenditures. Thus export duties are also avoided to the detriment of the Finns.

The EC-markets will continue to be especially important to clothing exporters since there is no longer any room for growth in the EFTA-countries. The objective of exporters is to increase their share of the market in EC-countries. A small percentage growth means a lot in markkas, they point out. One-tenth of 1 percent in the share of the market will bring export incomes to the clothing industry amounting to hundreds of millions of markkas.

10576

CSO: 3107/139

BRIEFS

DISCUSSIONS ON SOVIET TRADE--The chairmen of the Joint Finnish-Soviet Economic Commission, Foreign Trade Minister Nikolay Patolichev and General Manager Ahti Karjalainen, will meet for negotiations next week in Tallinn at a meeting of the commission. The chief topic of the meeting will be increased imports from the Soviet Union. Finnish and Soviet trade continues to show a surplus for Finland. The surplus is now nearly 600 million rubles or 3.8 billion markkas, which is the highest figure yet. The level of Soviet imports has remained nearly the same for 10 years. The imbalance has been created by changes in the price of imported goods, primarily oil. Until now the increase in the price of energy has been compensated for by increasing exports, but as price development levelled off the trade balance turned into a surplus for Finland. The 26th meeting of the economic commission to be held in Tallinn next week will emphasize the discussion of work groups with an import surplus. These work groups are machinery and equipment, energy, and chemicals. The credit limit for Soviet trade at this time is 150 million markkas. Raising the limit to 350 million markkas has been discussed. The Soviets have announced that they will attempt to achieve a balanced trade at least within the credit limit. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 15 Jun 82 p 26] 10576

COAL POLICY SEEN TO CONFLICT WITH NUCLEAR, SOCIAL PROJECTS

Paris L'ECONOMIE in French 24 May 82 pp 15-18

[Article by Pascal Delor: "Coal at Any Price"]

[Text] It is easy to extract "political coal"; it will be harder to conduct a coal policy. French coke is too expensive to be used as the basis for reasonable economic hopes.

In his office on Percier Boulevard, Michel Hug, a 51-year-old polytechnical school graduate and mining engineer, reads and rereads the four-page letter sent to him. The new general manager of the French Coal Board, a former head of the French nuclear program, is certainly used to exploits. But the task that has been assigned to him by Pierre Dreyfus and Edmond Herve--to restore the production and consumption of national coal--this time represents a total challenge.

Improving the position of French coal will not be easy. Its role in providing coal to France has not stopped growing. From 60 million tons in 1958, it fell to 20 million in 1981, including 11 million tons for Lorraine and 5 for the Center-Midi region.

This decline can mostly be attributed to the North-Pas-de-Calais basin. Although the 62 bells which make up the carillon in the belfry at Douai continue to joyously mark the hours, they have the effect of a dirge in the mining basin. One hundred ten kilometers long and 20 wide, the deposit today is barren. After having furnished as many as 29 million tons 30 years ago, its 1981 production barely reached 4 million. At the same time, overall and daily average yield per worker has fallen below 2,000 kg despite the closing of the least profitable pits.

The Lorraine and Center-Midi basins, better endowed geologically, saw their yield increase respectively from 97 to 699 kg over the past 5 years. But the national average now hardly surpasses 3,500 kg. A very weak score compared to the 4 or 5 tons of the FRG and the 20 tons or more obtained in the "good" open pit mines of the United States or South Africa.

"As a result, the breakeven price of French coal, which is different according to the basins, is often 30 percent above that of imported coal," stated Jean-Francois Pintat, senator from Gironde. For several years, therefore, its sale has required state grants of a compensatory "economic" subsidy.

Over Fr 2 billion were swallowed up in 1981 to bring its sales price to an acceptable level for users, and this does not include the Fr 2 billion in financial contributions for what had been done in the past. For Jean-Francois Pintat, "If we extract more coal, the deficit will grow. It's mathematical!"

Especially since the new social measures recently passed will not cause the price of national coal to go down. First the 39-hour week, then the 38-hour week, as well as extended application of the fifth week of vacation, will weigh heavily in an industry where manpower accounts for an average of 60 percent of the breakeven price of the coal extracted.

The government goal to bring French production to 30 million tons is costly and is liable to be difficult to attain. First of all because our reserves judged to be economically exploitable are extremely limited. According to the best experts, they are less than 500 million tons, about 0.07 percent of world reserves. And their exploitation rate has already turned out to be very high: 4 percent vs. only 0.3 to 0.5 percent in the FRG.

Of course, the authorities at the French Coal Board are counting especially on the implementation of new techniques to make accessible deposits that today are out of reach. They are also expecting a lot from the systematic inventory of mining resources undertaken in October 1980.

The prospecting for new zones has already revealed interesting reserves to the west of the Lorraine basin, south of the Provence basin and in the Juras. However, even in the best of hypotheses it is hard to see how these elements could really modify the situation in the short term. Especially since 8 to 10 years will be needed to make a basin such as Lons-le-Saunier productive because it is difficult to reach and, in addition, one-third of the deposit is located under the town.

The state will have to take into account the financial cost that these adventures represent. Extracting 1 million additional tons per year calls for Fr 2 billion in investments at current rates. The human cost must also be considered. French coal, which is expensive, of average quality and most often deposited deep underground, remains dangerous to mine. In his preliminary report to last October's parliamentary debates, didn't Jean-Pierre Hugon, the father of the Socialist energy policy, point out that silicosis had killed almost 30,000 miners since the end of World War II?

Above all, given that it succeeds in increasing its production, it is up to the French Coal Board to market the 60 million tons that is the government's consumption goal for 1990. They will be faced with a difficult market. Of the 51.5 million tons consumed in 1980, over 27 million were used by

coal-fired power stations, and 15 million of these were used by EdF [French Electric Company] facilities. But only 2 to 3 million tons burned by EdF came from national coal fields.

In addition, the growing share that nuclear energy will take in the production of electricity should make the normal coal consumption of power plants fall by 1990 to 7 or 8 million tons, instead of the 13 million desired by the state. Between 1980 and 1981, the tonnage consumed by EdF had already decreased by 16.3 percent. EdF's managers, however, did not hide the fact that increased use of national coal in the power plants, as required by public authorities, would present them with a financial problem because of a cost increase of over a third compared to imported coal.

Similarly, the state's desire to tap the steel industry--in the throes of depression--to use coal seems unrealistic. Developing the use of coal in domestic furnaces seems difficult in this day and age. To reach the 60 million tons would imply that industry and large furnaces would absorb the 20 million tons freed by electricity as well as the 8 million additional tons of coal needed to be consumed.

There are already 50,000 tons of coal being burned each year to heat the La Defense area and the Parisian Urban Heating Company has just ordered its third coal furnace. However, over 50 percent of the fuel that it uses is still imported from abroad. The state-subsidized housing authorities are planning to convert 30,000 to 40,000 units each year to coal-fired heating, but this conversion involves a very heavy investment. And storage for an equal quantity of energy requires double the volume for fuel oil. Land, especially in the center of the city, is expensive.

That leaves industry. Despite the increase in the price of fuel oil, the use of coal in industry has decreased by 25 percent since 1973. Thus, the task of Mr Le Guillou, general manager of CDF-Energy, a subsidiary created last December to begin marketing coal, will be difficult because the obstacles to coal's penetration are numerous. In addition to the cost of inventory, which is two or three times higher, there are several difficulties linked to the handling, the dust and the smoke.

Although the coal-fuel oil price difference is still distinctly in favor of the first--25 centimes for each thermal unit of coal vs. 45 centimes for fuel oil--industrialists still are far from being convinced that they should plunge into large capital investments. Especially since coal will be facing more and more competition from nuclear-powered electricity. And aid that is often reserved for restrictive pilot operations will not cause business leaders to make up their minds.

Under these conditions, making coal a "new energy source," as the ads for CdF currently say, is liable to take time. Unsold French coal stocks have not stopped growing during the last few months. They will soon reach almost 1 year's national production.

To state before 10 May, as the Socialists did, that French coal resources were extensive and to propose to use them to their utmost was undoubtedly a good argument for the elections. Communities located in mining territory and the CGT have always been sentimental about coal. But Georges Valbon, Communist president of the Seine-Saint-Denis county council and now president-director general of the French Coal Board, will have a lot of trouble not disappointing his friends. Because one day a coal policy will have to succeed political coal.

More and more cautious, Edmond Herve asked the French Coal Board to think about a medium-term strategy before October. Which mines will they decide to develop? Which investments will they decide to implement? Because of the lowered prices on the international market, it already appears that the 2.5 centimes per thermal unit maximum granted by the state to CdF in October 1981 to erase the accepted additional cost of national coal and to develop it is insufficient.

"Wouldn't it be better if the French Coal Board did something outside of France?" asked Jean-Francois Pintat today. "Instead of looking for hypothetical and very expensive coal in France, why haven't they imitated our oil companies? By diversifying our imports and by becoming stockholders in foreign mining companies, they would insure French energy independence in an efficient manner."

Coal Justified

The energy source of the past, coal is today becoming the energy of the future. Edmond Herve, assistant minister for energy, recently made it his priority. There were many reasons for this choice. All the specialists are in fact in agreement that available world coal reserves are equal to more than two centuries of production, vs. 30 years for oil and 50 years for natural gas. These resources also have the advantage over oil of being rather well divided throughout the globe and so politically more certain. For equal energy value, coal in France presently costs between 50 and 100 percent less than a thermal unit of fuel oil. And government experts state that the price of oil will continue to rise.

Confronted with the worldwide resurgence of coal that is under way (as the public authorities believe), France, which has solid industrial know-how in this area, should take advantage of this to upgrade coal. In particular, it could bring an entire value added into this new coal sector by importing, distributing and improving it and even by manufacturing the equipment needed for its use.

However, there can be no real coal policy if there are no users. National coal consumption, therefore, must first be revived. This would require improving existing techniques, simplifying the use of this fuel and reducing the investment needed for its reuse.

But consumption should be revived with a priority for French coal. This would first of all improve the energy independence situation and the

country's foreign trade balance. Increasing its production will then help to slow the economic decline in certain areas.

There were two things that pushed the government to grant financial aid of 2.5 centimes per thermal unit for national coal: "The entire country should participate in the fight for coal," Edmond Herve readily stated. And one of his advisers recently confided, "To revive French coal by investing Fr 50 billion presents no danger. Since it is a manpower industry, we are not likely to be shouldering financial burdens for 20 to 30 years!"

9720

CSO: 3100/720

CGT PLAYS ROLE IN CHEMICAL INDUSTRY RESTRUCTURING

Paris L'ECONOMIE in French 24 May 82 pp 19-20

[Article by Frederique Gambier: "The Chemical Industry: Reorganization, and Then What?"]

[Text] The reorganization of the French chemical industry is certainly a necessity that can be put off no longer. And reorganizing this sector around the three large firms Rhone-Poulenc, Elf-Aquitaine and CDF-Chemistry seems reasonable to professionals. But it is actually the CGT and the PCF which hold the key to the success or failure of the plan. And so...

There it is. After several postponements, the minister of industry presented the plan for reorganizing the French chemical industry last 13 May. Those in charge of the project, who long ago gave up the idea of a single large company, finally decided to reorganize this unhealthy sector around three major axes: Rhone-Poulenc, Elf-Aquitaine and CDF-Chemistry. This was a reasonable decision in the opinion of professionals, who were as fearful of the creation of one large unmanageable company as they were of a splintering into smaller pieces through wholesale butchering.

But it is above all the change in the public authorities' radical tone that has drawn a smile from chemical industrialists. In going from political opposition to government heads, the Socialists had to put some of their favorite arguments in the cupboard.

In the corridors of the large chemical industry firms, irony is rampant. "For 28 years," it was said in the skyscrapers at La Defense, "the leftist opposition explained that Rhone-Poulenc could pay, that the unions should make the owners cough up, etc. Now these same men are obliged to recognize what everyone already knew: the French chemical industry has been in the red for years, and the famous secret manna of its owners was only a large-scale union deception."

This accusation brought against the former opposition in general and against the CGT in particular is far from insubstantial. Because although the quarrels among managers did not settle the affairs of the French

chemical industry--and the plan understands full well to emphasize this--union virulence undoubtedly holds heavy responsibility for the collapse of this sector. The very "social" policies carried out by some managers, as was the case at Rhone-Poulenc several years ago, only intensified the situation.

Faced with a very virulent CGT, many hesitated to take measures from which it is now no longer possible to back down--restrictions in social advantages and personnel. There is no lack of examples. In the Lyon region, endless strikes have made several factories perfectly impossible to manage for several years. At Rhone-Poulenc, the textile plan announced in 1976 by Jean Gandois, which resulted in skinning off half of the staff in 5 years, could, as its originators have admitted, have been largely simplified if laxity had not become the common rule between management and unions.

And the technological delay? All the professionals would reply unanimously that it is a totally erroneous argument. In each area of the field, the French chemical industry has at least one example of the best technological instrument in the world. And since the procedures are bought and sold openly, it is not hard to be completely up to date.

So it is really in organization, and not in research or innovation, that the chemical industry has sinned. Its managers, distrustful of each other, were not able to perform the indispensable reductions and restructurings to avoid an overcapacity in production and to implement the necessary automation.

Union management's systematic opposition to any reorganization measure has left them hardly any breathing space. So, after the closing of a very unprofitable acetone thread department at the Rhone-Poulenc factory of Peage-de-Roussillon, 400 workers occupied the plant for over 1 year and spread the disturbance to all the factories in the area.

Reorganization is therefore not a gadget but a necessity that can no longer be postponed. Losses were Fr 4 billion in 1981, with 12 billion accumulated over 7 years; this is a lot. Chemical industrialists know this and do not immediately reject the government's proposals.

These have the advantage of clearly defining the responsibilities. SNEA [expansion unknown] has taken the lion's share for itself by taking over almost all the assets of PCUK [expansion unknown] and has become the leader in industrial chemistry and plastics.

This leaves, however, the problem of PCUK's dyes, which will certainly be taken over by Hoechst. Rhone-Poulenc has become the axis of the pure chemistry, health and phytosanitary areas. However, when we get to the third axis, CDF-Chemistry, things begin to go wrong.

"In the short term, CDF-Chemistry must in particular restore a balance to its petrochemical activities," stated Pierre Dreyfus. In other words, if the French Coal Board keeps its petrochemistry, it would be more to give a

little satisfaction to the CGT and to the Communist Party than through economic necessity.

Only once again the real problems have been eluded. First of all, it is cute to hear Pierre Dreyfus, a Socialist minister, say that "the plants with French capital are concentrated in France, whereas the competition is European or even worldwide. Because we are not established elsewhere and cannot extend the competition to other markets, our chemical industry has confined itself to a defensive withdrawal." Weren't these the same Socialists who accused Rhone-Poulenc of selling its profits abroad and fueling unemployment in France?

But there is something more disturbing. The minister of industry's speech leaves too many ambiguities. "The managers of Rhone-Poulenc and SNEA will be given the task of proposing a way to regroup," indicated Pierre Dreyfus. Will our engineers from state institutions be able to get along better under the Socialist umbrella than they have managed to do since the end of the war?

There has also been nothing definite on the use and financing of the Fr 4 to 5 billion needed to reorganize the chemical industry. Although the Socialists thought they could conduct an industrial policy financed by the industry's so-called hidden treasury, they are now obliged to face reality and to tax consumers by increasing the VAT by one point in order to continue their plans. Will these funds be used wisely, i.e., for severance pay in order to close shops and automate the most profitable plants? If not, you can lay a bet that in 10 years chemistry will have slid into a typically French predicament: "Each of the three companies will have used state funds to form a diversified firm," said a leader of the chemical industry. "We will then have available three pharmaceutical industries, three PVC branches, three vapocracker groups and three polyethylene producers. The idea of sectors will not have lasted long."

Are they aware of these risks at the Ministry of Industry? Pierre Dreyfus explained surreptitiously: "The industry's competitiveness must first be restored by concentrating modernization investments on the few areas that are large enough to be balanced correctly and that are well situated in relation to the market's natural resources. We must also reabsorb overcapacities, in conjunction with other European producers."

Translated into clear terms, the minister's idea is simple: close shops, reduce staff and automate remaining plants. But his cautious language well illustrates the limits of his willingness to reorganize.

Because once again, in less than a year, it is the CGT and the PCF that hold the success or the failure of the plan. Many think that the dream of reorganization will quickly be blown away. In shop councils the slightest movement of staff is watched very closely.

9720
CSO: 3100/720

D'66 ADVOCATES FOUR-YEAR WAGE FREEZE

The Hague ANP NEWS BULLETIN in English 2 Jul 82 p 2

[Text] The Hague, July 1--The D'66 party in a draft election platform published today pleads for a four-year freeze of nominal incomes and simultaneous tax cut to preserve the spending power of people.

The platform, still subject to approval by a pre-election party congress on July 17, calls for simplification of the Dutch social security system by giving people unemployed for whatever reason a basic pay.

The basic pay, unlimited in time, is to be coupled to the legally-prescribed minimum wage and the number of hours worked. Temporary supplementary pay, depending on earlier earned income, is proposed to offset the effects of any sudden loss of income.

D'66 says its proposed social and economic policy could create 100,000 jobs in the next four years but warns this will still leave some 550,000 people unemployed in 1986.

The platform calls for the creation of extra jobs by encouraging job-sharing, shorter working hours, an expanded fourth sector (government plus subsidised institutions) and more house building.

Shorter Hours

It urges the government to take the lead in cutting working hours to, say, 32 hours a week, with in principle a proportional cut in pay.

Admitting that redistribution of work in the private sector is primarily a matter for employers and workers themselves to settle the platform mentions banks and insurance companies as the most eligible areas to make a start.

The party says its proposed four-year freeze of incomes does not include an annual wage drift of some two per cent allowing employers to give valuable workers a financial pat on the back.

It says its proposals are expected to make possible maintenance of the existing parity link between the net minimum wage and net minimum social security

benefit. They would result in a two to 2.5% cut in the government's financing deficit, now running at 8.75% of the national income.

To give a filip to trade and industry the party proposes that company profit tax be halved from 48 to 24% thus making it attractive again to provide venture capital. Profits made from extracting natural gas are to be excluded.

CSO: 3120/73

WILLOCH OUTLINES ECONOMIC PROBLEMS, PLANS TO FIGHT RECESSION

Oslo AFTENPOSTEN in Norwegian 19 Jun 82 p 2

[Article by Prime Minister Kare Willoch]

[Text] The starting point for the government's efforts to reshape economic policy is the serious economic situation our country has ended up in after 8 years of Labor Party rule. It is valuable that more and more people are now recognizing these problems. But we must not forget the rich possibilities that also characterize our situation, in spite of everything.

We are blessed with natural resources and can still hope for sizable oil revenues. Despite weaknesses in our educational system, we can assert that we have rich human and technological resources. And we have a welfare state that provides the foundation for a social and political climate oriented toward cooperation. This should bring us closer to that cooperation across political and organizational dividing lines which has been sought by former Industrial Affairs Minister Finn Lied, among others. To put it succinctly, as a people we can solve our problems if we want to.

The Labor government period ended with record inflation and faltering production. Luckily, it was possible to maintain almost full employment. But one of the ways this was accomplished was to make uncritical use of the oil money in advance.

It should be easy to reach agreement that such a policy cannot continue. The Labor Party itself had become aware of that. Of course one could postpone the problems further by allowing public spending to continue growing as before, not making unpleasant cuts and subsidizing even more unprofitable businesses. But in that case, inflation would continue to climb and unemployment would become a serious problem later on, as we have seen in several other countries.

In addition to these problems, which we had some warning of before the election, we have had dramatically reduced estimates of oil revenue and even poorer sales prospects for Norwegian products than anticipated. At the same time the state has had to pay billions since the election for enormous

inherited losses on state enterprises. Of course one can pretend that this is not important and that the picture is being painted too bleakly--and try to maintain earlier plans. But that would be costly later on. The government believes it is better to adapt policy to fit the changed realities.

The primary objective of the change is to insure employment and the welfare state in the long as well as the short term. At the same time, we know that if we can just restore competitiveness, our country has rich opportunities for new growth that will provide new funds for both private and public tasks.

But this requires that we show determination to make these changes and that we accept some restrictions to begin with. The government has the difficult task of promoting the necessary unpopular proposals. Protests may often seem called for. But even the opposition cannot deny that restrictions are needed. In its long-range program, the previous government called for "a sharp limitation on the growth of state and municipal spending." At the same time we must stimulate extra effort and efficiency, creative initiatives and growth.

Maintaining all the accustomed public expenses and implementing existing public plans would cost so much today that it would require big tax increases. Tax increases would whet wage demands and weaken competitiveness. This would weaken both employment and national income and we would need even more tax increases. We must get out of this downward spiral.

This year's income settlement has confirmed that tax policy is also important in moderating cost increases. If workers were to get the same real wages they have now obtained, but with the higher tax percentages proposed by the Labor Party, wage increments would have had to be substantially higher. That would have intensified the threat to jobs.

Even though the framework for the wage agreements entered into unfortunately exceeds a level compatible with unweakened competitiveness, so far the income settlement has developed in a better way than most people had feared. And this in spite of the fact that settlements with individual unions, which we had this year for the first time in a very long period, create particularly difficult problems. There is reason to compliment the sides for their ability to find solutions. At the same time one can point out that the Labor Party's sharp advance criticism of the government's conduct was completely in error--also in this area.

After 8 years of growth-hindering policy that has weakened efficiency and dynamism in the national economy, the work to create new growth in the economy must be both tedious and time-consuming. A better finance policy and less restrictive taxes are necessary. But much more is needed. Competition must replace regulation and bureaucracy in several areas. Unnecessary regulations and restrictions that get in the way of production must be repealed. We must also go over to income settlements that do not

weaken but instead strengthen competitiveness and thus job opportunities. Why not use this chance to get off this dead-end road /before/ [*in italics*] the problems become even more serious?

All this makes great demands on our willingness to cooperate. It is therefore very valuable that all in all the cooperation among the three non-socialist parties has worked quite well. It is true that there seems to be a tendency for Storting to approve more spending than the government proposes. And that is not because the government's proposals are generally lower than the country can afford.

But when no one party has a majority, cooperation is required and that means one party cannot get everything it wants. The Labor Party is trying to undermine respect for this cooperation by calling the compromises "defeats" and the willingness to make compromises is being called weakness. But such designations will not prevent us from continuing to work together to solve the problems the national economy has been led into.

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CSO: 3108/127

FINANCE MINISTER PRESTHUS: BUDGET AUSTERITY NEEDED NOW

Oslo AFTENPOSTEN in Norwegian 26 Jun 82 p 3

[Interview with Finance Minister Rolf Presthus by Terje Svabo]

[Text] The austerity measured needed to straighten out the Norwegian economy cannot be delayed. If we wait, the consequence will be that in a few years we will have to make even more drastic changes than those that are needed now. Finance Minister Rolf Presthus told AFTENPOSTEN that this strategy will dominate the 1983 national budget. Presthus warned of steps against firms that use state subsidies to give high wage increases. In spite of a bleak economic picture, the finance minister is encouraged by the fact that oil revenue forecasts are again turning upward.

While the rest of Norway gets ready to take a vacation, the members of the government will use the weeks ahead to put the finishing touches on the national budget to be presented in October. In August, the government body will be assembled for several days of budget discussions. Finance Minister Rolf Presthus told AFTENPOSTEN that the major elements of this budget are clear, but a stand must still be taken on a number of separate items before the whole thing is ready.

There are still uncertain factors, especially with regard to oil revenues. The finance minister put it this way:

[Presthus] The only thing we can say with certainty about our future oil revenues is that they are uncertain. When we presented the revised national budget in the spring, we assumed that the oil revenues would be around 60 billion kroner for the 4-year period. The latest forecasts call for revenues between 70 and 75 billion kroner, but in spite of the improvement, these latest figures are still 100 billion lower than we thought they would be just a few years ago. The only sensible thing for us to do is to use cautious estimates as a basis.

[Question] How would you describe the budget that will be presented in October?

[Answer] Compared to the budgets that have been presented in recent years, the budget for 1983 will be marked by greater realism and the necessity to limit the growth in public spending in order to restore competitiveness and with it, growth in the Norwegian economy.

In many areas this will involve "catching our breath," but of course that is not the same as total elimination. We will place great emphasis on meeting the needs for assistance of all exposed groups. No one needs to feel his security threatened, but, on the other hand, no one should assume that we will maintain arrangements that are no longer socially justifiable.

[Question] Will such a budget get majority support from Storting?

[Answer] I do not expect the budget debate in Storting to be simple. Not because the middle parties are being difficult, but because of the troublesome economic situation. The Christian People's Party and the Center Party have also maintained the necessity of limiting public growth and improving our competitiveness. In other words, we agree on the goals and therefore we should also be able to agree on the means to achieve them. If a Storting majority accepts the main features of the budget, it will be the first budget in many years that is aimed at restoring growth in the Norwegian economy.

[Question] How serious does the finance minister think the country's economic situation is?

[Answer] Norway is not on the verge of bankruptcy, of course, thanks to the oil and a homogeneous society, among other things. Therefore we are starting out in a stronger position than most other countries, but this starting point has not been used by previous governments to prepare ourselves to meet the problems. Instead, former governments have seen to it that our competitiveness has declined steadily since 1974. If we do not do something about conditions now, especially if we fail to stop the negative development in Norwegian industry, we will suffer a serious setback, resulting in significant unemployment. Then we could come into a situation where it would be hard to maintain the welfare state as we know it today. The government intends to prevent such a development.

[Question] What steps must we take to correct the situation?

[Answer] We must stop giving ourselves bigger raises than we can afford. Costly reforms will have to wait. We must encourage thrift rather than consumption, among other things through changes in the tax system. It must be easier to expand and start up new firms and firms that do well should be given room to make new growth.

A drastic reduction in our living standard is not at all necessary. We will have come a long way if on the average we accept the standard of living from the end of the 1970's. Let me emphasize this. Unless we make the necessary changes, we will be forced to take far more drastic measures in a few years.

[Question] You have stressed that next year too the government will present a proposal concerning real tax relief. How much of this relief will be covered by increased item taxes?

[Answer] Only a small part. I can say this much, by and large the item taxes will initially simply be price-adjusted. In addition to that, there will be a real increase for certain taxes, but that will cover only a small part of the income tax relief.

[Question] In an article in AFTENPOSTEN on Wednesday, you wrote that firms that receive state subsidies and also give high wage increases in local negotiations cannot count on help from the Finance Ministry if new problems arise. Can you expand on that?

[Answer] We must remember that state support is given to maintain employment and residential patterns. If such firms use this money to give higher local wage increases than there is a basis for, they must now be aware that it will have consequences on future support to those firms. Obtaining information about such wage increases will become part of ministry handling of such matters. We cannot accept firms that receive state support boosting prices by leading both firms in the same branch and especially other firms in the same district, maintained Finance Minister Rolf Presthus.

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CSO: 3108/127

UNEMPLOYMENT CONTINUES RISE; OFFICIAL SEES FURTHER INCREASE

Oslo ARBEIDERBLADET in Norwegian 25 Jun 82 p 2

[Article by Jan Ove Ekeberg]

[Text] The figures for unemployment in May, compiled on 8 June, show a new record in unemployment. There are now 31,169 people without jobs. That is over 8,000 more than there were at the same time last year. For the entire year, unemployment has been from 6,000 to 10,000 higher than figures from the previous year. "I am afraid it will continue like that for the rest of the year," section director Leif Torgersen of the Labor Directorate said to ARBEIDERBLADET.

The head of the directorate, Reidar Danielsen, said that extra steps will be taken to moderate unemployment somewhat, starting in August. Planning for the measures has already begun.

All the counties in the country, most occupational groups and all age groups have increased unemployment. It is worst for the four northernmost counties, but unemployment is also surprisingly high in several counties in the eastern part of the country.

Akershus

Akershus is in the best shape with an unemployment rate of 0.6 percent. In Vestfold the figure is 0.7 and in Oslo it is 0.9. But in these counties too, unemployment is much higher than it was last year. The biggest increase was in Oslo, where there are now 1,942 people out of work. That is 832 more than last year.

The northern Tronder county heads the unemployment list with 3.9 percent. In Troms there is 3.5 percent unemployment, in Nordland it is 3.3 and in Finnmark it is 3.1 percent. These are very high figures.

Further down the list is Oppland with 2.6 percent and Hedmark and Oppland [as published] with 2.4 percent each. These are also abnormally high unemployment figures.

Young People

"There is a declining demand for labor in the business sector. The public departments, the state, counties and municipalities, must tighten their belts and cut down on the job budget. Both these things are due to poor economic development and will result in increasing unemployment," said section director Torgersen.

"The development is affecting everyone, but it is worst for those looking for jobs for the first time. The reason for this is that far fewer new jobs are being set up now than used to be the case. The 20-25-year-old age group in particular has had a rapid increase in unemployment.

"Another tendency is that unemployment is rising more rapidly among men than among women," said the section director.

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CSO: 3108/127

LOSS OF OIL INCOME SPEEDS BORROWING ABROAD

Oslo DAGBLADET in Norwegian 12 Jun 82 p 2

[Text] The Norwegian people can look forward to enormous costs when the government presents its national budget in the fall. One of the most important elements in the framework for the budget that has now been decided on is that big loans must again be obtained abroad. These loans will go primarily to pay off old loans that are now falling due. The difference is that the new loans are much more expensive than the old ones were.

The restraints and direct cuts in the public budget will be so big that it will send shock waves far into the Conservative ranks. The two support parties will have great difficulty in defending such cuts.

The financial situation for the state is of such a nature that an increase in the value-added tax would now be the only correct course of action if it were not for the fact that this would have such unfortunate effects on prices. Therefore the government will try to avoid an increase in the value-added tax as long as it can.

Debt

DAGBLADET has learned that the government has now decided that it will be impossible to get next year's economic plan to add up without borrowing substantial amounts abroad. That means our foreign debt will now increase again after several years when we were able to avoid taking out such loans. During the last half of the 1970's, our foreign debt reached ominous heights, but this was justified on the basis of the anticipated big oil revenues. We spent the oil money in advance. For the most part, these loans were used to cover running expenses over the national budget, in other words they went to raising our standard of living.

No one dreamed we would have to take out new foreign loans in order to pay back the loans from the 1970's when they came due. It was believed that the oil revenues and the country's economy in general would be able to take care of repayment with no problems--and that there would even be money left over for a substantial export of Norwegian capital. All these forecasts proved to be in error and what makes things even worse is that future loans have much higher interest rates than the old ones.

In this way, it appears that the oil-producing country of Norway has come into the vicious circle in which many oil-importing nations find themselves--they must repay debts by incurring new and more expensive ones.

Bitter

It must be especially bitter for the Conservative government to have to resort to foreign borrowing. The party was very harsh in its criticism of the Labor Party's borrowing policy in the 1970's, calling it proof that we were living above our means and that it created unhealthy economic conditions here. Now the Conservatives are being forced to take the same course at a time when oil revenues have become a very large part of state finances.

Austerity

But even if they borrow money abroad, there will be a great need for tightening up on appropriations in order to create some kind of balance. From what we have learned, the government has not yet decided which sectors will feel this the most, but there is reason to believe they will take drastic action across a broad spectrum. This will also be necessary so the government can pay for certain tax relief measures to which it is totally committed by campaign promises and the party program. And it is in this context that there will be political problems in the fall. The two middle parties have promised that there will be no automatic reduction in taxes as a result of inflation, wage increments and progression. But just keeping a promise like this would cost the state 4 billion kroner. The Conservative government will propose relief measures that are even larger. It is estimated in political circles that the government cannot come up with a proposal costing less than 1 billion kroner in real tax relief. That will increase the need for spending cuts.

Value-Added Tax

The financial situation is such that only an increase of the value-added tax could make a difference on the revenue side. An increase of 2 percent would provide more than 2 billion kroner in increased state revenue. But viewed politically, it would be difficult for the Conservatives to finance tax relief by raising the value-added tax. It would also have very unfortunate price consequences.

Shock

The two support parties were briefed recently on the main contents of the government's budget plan and people in government circles hope the two parties will use the summer vacation to get used to the new situation so that the budget will not come as too great a shock to them this fall. That would also increase the prospects for gaining majority support.

Weakening

In the Storting debate on the long-range program yesterday, the very difficult economic situation was a recurrent theme. There is now broad political agreement that we are headed for a bleak period. This was best illustrated by Finance Minister Rolf Presthus who revealed that our competitiveness in 1981, 1982 and 1983 would probably decline by 10 percent. "That is the major economic threat confronting Norway," he said.

The trend in national competitiveness worsened after this year's wage settlement. And the worst is that this comes at the same time as oil income is declining.

In practice this means that we are now heading rapidly toward the same conditions that made the price and wage freeze necessary in 1978.

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CSO: 3108/123

LABOR PARTY SECRETARY ENCOURAGED BY PERFORMANCE IN POLL

Oslo ARBEIDERBLADET in Norwegian 19 Jun 82 p 7

[Article by Nils Ottar Ask]

[Text] "Naturally it was pleasant and stimulating. Both for us on the central level and for the many loyal workers in local groups. But no one should think we will be content with this. Our efforts will continue. We must continue to move up and forward."

So said a well-satisfied party secretary, Ivar Leveraas, to ARBEIDERBLADET when we presented him with the latest political opinion poll from Norwegian Market Data. It shows that the Labor Party has come "home"--above the 40-percent mark again.

"I believe the Labor Party has every opportunity to continue making more progress," said election researcher Professor Henry Valen to ARBEIDERBLADET.

We must go all the way back to August 1978 to find Labor Party support in the 40's. And in the meantime, the party has had its worst dreams fulfilled by being passed by the Conservatives. This happened in December 1980.

"Do not lose heart, we have picked ourselves up before," said Prime Minister Odvar Nordli.

"We will reverse this," said party secretary Leveraas.

Making Slow Headway

And what comment did Leveraas have today?

"The Gallup figures recently show that we are making slow and steady headway. They also show that it is hard to govern, something we learned ourselves when we had a minority government. Incidentally, I think the Conservatives have done surprisingly well in spite of that. But I would not consider it unnatural if the Conservative Party gradually declined."

Good Work

What are the reasons for the Labor Party's progress?

"I think several things have played a part. Every election defeat is the beginning of progress in itself. The way in which the government and the nonsocialist bloc have aligned themselves has worked in our favor. Their election promises and the expectations they created are benefitting us. But we have also contributed to this progress ourselves. We have worked hard both politically and organizationally since the election. The election campaign we ran created enthusiasm and optimism in our ranks--that it is possible to make a comeback. The good mood that prevailed in our ranks after the election--despite the fact that we lost our government position--made it easy to get the work going. And the mood is still very good."

Next Year

Now that the Labor Party has hit 40 percent, what is the next goal?

"Of course we will be aiming at the county and municipal elections next fall. A shift of several percentage points can lead to political changes in several counties and municipalities," said Leveraas.

Election researcher Henry Valen explained his belief in continued progress for the Labor Party by saying that there is great mobility in the electorate, among other things.

Conservative Burden

"The Labor Party is also the leading opposition party and the Conservative Party will have a hard time due to the burden imposed by being part of a minority government. That was also the reason for much of the Labor Party decline while it was in the government position. It is something else that I had expected the Labor Party to make quicker gains and the Conservative Party to make quicker declines. I would not be surprised if the Conservatives have lower Gallup figures in the future," said Valen.

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CSO: 3108/125

POLL INDICATES CONSERVATIVE WAVE IS DURABLE PHENOMENON

Oslo AFTENPOSTEN in Norwegian 19 Jun 82 p 3

[Article by Egil Sundar]

[Text] Today--Saturday, 19 June--the Willoch government has put in exactly as many working days as the Harlem Brundtland government had when the Labor Party became the opposition after last fall's Storting election. Eight months have gone by and there are two main conclusions that can be drawn from the political conflict process that has taken place since "Gro and Kare" made their historic exchange of roles. In the first place, there has been an obvious change of course as the nonsocialist parties promised before the election. In the second place, the Conservative and Labor parties have further manifested themselves as the dominant opposite poles in Norwegian politics.

Today, 8 months after the Conservative government takeover and the Labor move to the opposition ranks, a brand new opinion poll from Norwegian Market Data has come out that confirms a remarkable stability in the political balance of forces. The "conservative wave," as it is called, which had its first tangible expression in the 1977 Storting election and gave the Conservatives 31.5 percent of the vote in the last election, apparently represents a durable political phenomenon. The conservative wave is not--as the Labor Party believed for a long time--a temporary shift of the wind that would die away, if not before then at least when a nonsocialist government had the chance to carry out its policies. But far from it. Even though in recent months we have seen some minor fluctuations in the polls of the three institutes, the Conservative government party has been able to note a support level of around 30 percent ever since the election.

Against the background of the problems confronting the Conservative government, with sizable repercussions on the Norwegian economy and production life, the high level of stability of voter support for the Conservatives has been described as impressive by most political observers. When the party fell below the magic 30 percent level a few months ago, many asked themselves if this presaged a declining trend. It has not gone that way.

In spite of all the fluctuations, it is important to realize that the Conservatives find themselves at a different and considerably higher normal

level than was the case just a few years ago. The conservative wave is the expression of a lasting trend among voters and indicates first and foremost fundamental social and structural changes in Norwegian society.

For its part, the Labor Party--according to the opinion polls--has been able to note an upward trend since the election and this trend has been especially noticeable in the last few months. Even so, many observers had expected the Labor Party's gains to have been even larger in light of the general state of the market. Both politically and organizationally, this should be cause for reflection on the part of current Labor Party leaders.











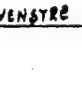
It is also suggestive, of course, that neither the Christian People's Party nor the Center Party have benefited from placing themselves outside the government. The Christian People's Party still finds itself clearly below its results in the last election, which was the weakest Storting election for the Christian People's Party since 1965. And when it comes to the Progressive Party, which is known for holding its own in political public opinion surveys, the gains from having Conservatives in the government position have been less than they probably expected. All this confirms that the Conservative government has a strong position in the consciousness of nonsocialist voters.

Table

Norwegian Market Data's political barometer for May is the result of interviews conducted in the period from 18 May to 10 June. Interviews were held with 1,259 people over the age of 18 and 1,054 expressed a political preference. The barometer is arrived at by weighing each party against the results of the 1981 Storting election. Estimated statistical error could run around 3 percentage points for voter shares of approximately 50, around 2 percent for voters shares of 10-20 percent and close to 1 percent for lower voter shares.

Party

1) 2) 3) 4) 5) 6) 7) 8) 9)

Red Election Alliance	 RØD VALGALL	0.6	0.8	0.7	0.6	0.9	0.9	0.9	0.7	0.8
Labor Party	 ARBEIDERPARTIET	41.3	36.2	37.1	35.7	37.8	38.7	38.6	39.7	40.5
Norwegian CP	 NKP	0.4	-	0.3	0.4	0.1	0.1	0.3	0.4	0.1
Socialist Left	 SV	4.2	4.4	5.0	5.2	4.9	4.9	5.3	5.2	5.0
Progressives	 FAP	1.9	2.5	4.5	5.8	5.7	4.8	5.4	5.6	5.4
Liberal People's Party	 DLF	1.4	1.2	0.6	0.3	0.4	0.4	0.3	0.3	0.2
Conservatives	 HOYRE	24.8	29.7	31.8	31.5	30.7	30.5	29.2	28.2	29.0
Christian People's Party	 K.F.	12.4	10.1	9.3	8.9	8.9	9.2	9.0	8.2	8.5
Center Party	 SENTERP.	8.6	8.6	6.6	7.3	6.4	6.4	6.2	6.8	6.7
Liberal Party	 VENSTRE	3.2	5.3	3.9	4.3	4.1	3.6	4.4	4.7	3.7
Others	 ANDRE	0.2	0.6	0.2	0.2	0.1	0.5	0.3	0.2	0.1

Key: 1. 1977 Storting election 5. December 1981
 2. 1979 county elections 6. January 1982
 3. 1981 Storting election 7. February 1982
 4. November 1981 8. March-April 1982
 9. May 1982

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CSO: 3108/125

POLL CONFIRMS ADVANCE BY CONSERVATIVE PARTY; LABOR DROP SEEN

Oslo DAGBLADET in Norwegian 29 Jun 82 p 2

[Text] The Conservative Party is making progress with the voters once more. This appears from the political opinion poll for June issued today by the Market and Media Institute. At the beginning of the political summer recess, the party had 31.6 percent of the voters behind it--an increase of 1.5 percentage points from the previous month. The Liberals, now down to 2.8 percent, had the biggest decline.

Changes for the other parties were minor and by and large this means that political life is stable when it comes to the balance of forces among the various parties. The Labor Party seems to have stabilized at around 40 percent, 3 percentage points higher than the election results last fall.

The opinion poll was conducted in the period 8-15 June, which means that the final spurt in Storting was largely reflected in this survey.

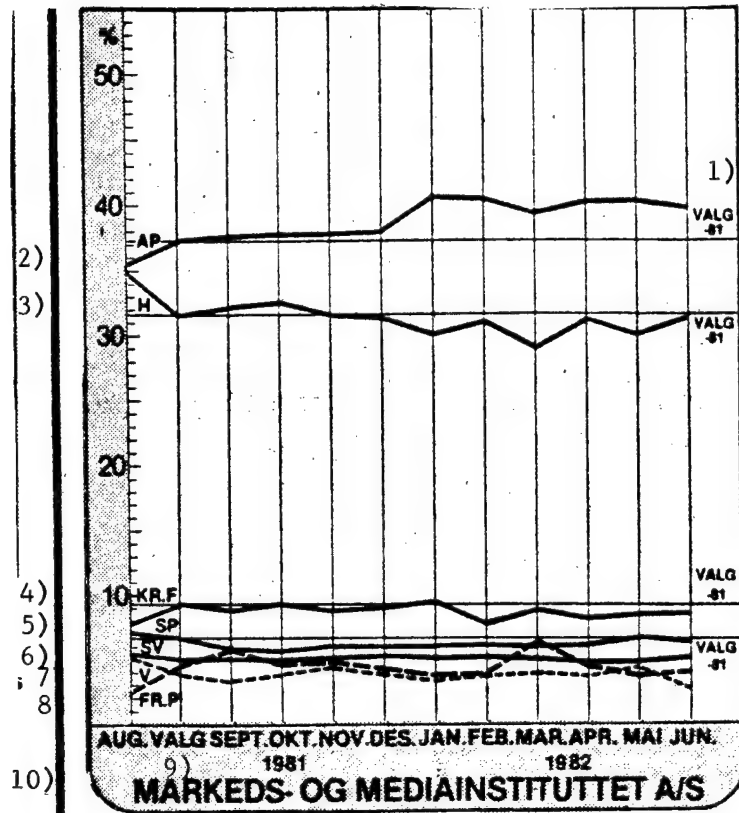
Market and Media Institute's Party Barometer

	AP 1)	SV 2)	RV 3)	NKP 4)	H 5)	KR.F 6)	SP 7)	DLF 8)	V 9)	FRP 10)	ANDRE 11)
1981 Election	37,1	5,0	0,7	0,3	31,8	9,3	6,6	0,6	3,9	4,5	0,2
May 1982	40,4	4,6	0,9	0,4	30,1	8,4	6,8	0,3	4,2	3,9	0,0
June 1982	39,9	5,1	1,0	0,2	31,6	8,5	6,4	0,5	2,8	4,0	0,0

Key:

- | | |
|-----------------------------|---------------------------|
| 1. Labor Party | 7. Center Party |
| 2. Socialist Left | 8. Liberal People's Party |
| 3. Red Election Alliance | 9. Liberal Party |
| 4. Norwegian CP | 10. Progressive Party |
| 5. Conservatives | 11. Others |
| 6. Christian People's Party | |

Trends



Key:

- | | |
|-----------------------------|--------------------------------------|
| 1. 1981 election | 6. Socialist Left |
| 2. Labor Party | 7. Liberals |
| 3. Conservatives | 8. Progressives |
| 4. Christian People's Party | 9. Election |
| 5. Center Party | 10. Market and Media Institute, Inc. |

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CSO: 3108/125

PAPER HOLDS CHRISTIAN PARTY RESPONSIBLE FOR COOPERATION

Oslo AFTENPOSTEN in Norwegian 23 Jun 82 p 2

[Editorial]

[Text] The government solution arrived at as a result of last year's Storting election--a minority Conservative government supported by the Christian People's Party and the Center Party--imposes in practice strict requirements for consultation and cooperation arrangements that can guarantee a reasonable degree of stability and effectiveness. In reality this is true of any minority government and no one can accuse AFTENPOSTEN at any rate of failing to point out the problems posed by this. Although the cooperation by the Conservative, Center and Christian People's parties so far has taken place in an atmosphere of trust without acute problems, it is no secret that both government people and those in the two support parties recognize the need for more solid cooperation. The degree of this recognition can certainly vary, but it seems quite plain that a new discussion of contact and cooperation forms on the nonsocialist side is inevitable. And under any circumstance this should occur before Storting meets again--for a budget debate that will put cooperation to its most difficult test to date.

Immediately after the government was formed last fall, Prime Minister Kare Willoch spoke out in favor of close and intimate cooperation between the government and the two support parties. In the view of the prime minister, consultation activity should be formalized through fixed weekly meetings, so the parties could inform each other of their viewpoints, take the problems by the forelock, in a manner of speaking, and thereby avoid the unnecessary maximizing of crises. At that time, the Christian People's Party and the Center Party opposed such a formalization of the cooperation, although--not everyone concurred. In an interview a few days ago, Christian People's Party chairman Kare Kristiansen confirmed that he agreed with Willoch's suggestion, but there was some fear elsewhere in the middle-spectrum parties that frequent and regular meetings could link the parties too much together. But developments have shown that the support parties are being held accountable anyway and that consequently they would have most to gain from expanded consultation arrangements. Kristiansen said, therefore, that they should re-evaluate this. And on that score we must

express our agreement. If the nonsocialists are to overcome the problems we now feel we can predict, an arrangement must be set up to provide for systematic access to regular discussions.

Incidentally, Kare Kristiansen is quite right in saying that it would have been simpler for the Conservatives, the Christian People's Party and the Center Party to clear up difficult issues if the three parties had been sitting in a coalition government. But the possibilities for setting up a majority government depend primarily on Kristiansen's own party. We realize this is not an easy issue on which to take a stand, though it must be conceded that some people are trying to make cooperation out to be a bigger "problem" than it has to be, strictly speaking. On closer reflection, we believe most people must agree with Kristiansen that it would be a fateful step if a resolution is passed at the 1983 national congress that would forever deprive the Christian People's Party of the chance to participate in a coalition government. In that event, it will have played out its role as a serious political party.

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CSO: 3108/125

NEW SVALBARD GOVERNOR CARL WENDT VIEWS RESPONSIBILITIES

Oslo AFTENPOSTEN in Norwegian 14 Jun 82 p 4

[Interview with Svalbard Governor Carl A. Wendt; interviewer, date and place not given]

[Text] Stavanger--After 32 years in the police force on the mainland, Police Chief Carl A. Wendt will travel from Stavanger to Svalbard at the time of the summer solstice to become the country's highest official on the island group. As governor he will look after law and order and maintain regular contacts with the Russians, among other things. He does not believe any mysterious activities are taking place in Barentsburg and Pyramiden. "But there should be no doubt that I will maintain Norwegian sovereignty over the island group," he said to AFTENPOSTEN. He also disclosed that Russian bread is one of the best things he has ever tasted.

[Question] You were on Svalbard 20 years ago, as deputy governor then. Is it the young man's dream of going back that is now being fulfilled?

[Answer] I might say that, though in my case the dream materialized somewhat late. Svalbard is the last white dot on the map of Norway with an undisturbed landscape and a great variety of animal life. All applications for jobs on Svalbard show that many people want to experience this part of Norway, even though it is not necessarily a wish for adventure that is the decisive factor.

Wendt has worked previously for 20 years in North Norway, 12 of them in Finnmark. Therefore he does not believe the working conditions will turn out to be so strange.

[Question] What is the first thing you will do, arrest all drunken snowmobile drivers?

[Answer] I have no program statement in my suitcase, aside from the governor's instructions. Tasks will probably turn up as time goes by. Among other things, I think the government's intentions to safeguard the

natural resources of Svalbard are important. Uncontrolled mass tourism on the island group would be a catastrophe.

[Question] There is little criminality on Svalbard. Among other things, there does not seem to be any drug abuse. Do you think this fortunate state of affairs will last?

[Answer] Drugs can be found in many small communities around the country. The passage to Svalbard is not insurmountable, but the community is transparent and abuse would soon be detected.

[Question] In addition to taking care of general law and order, you must pay regular visits to the Russian consul in Barentsburg. What do the governor and the consul talk about?

[Answer] I do not know. The question comes too early. The visits probably vary in nature. One time it will be in the course of duty, another time it will be as a guest at a Christmas party or a sports event.

[Question] The Svalbard Treaty of 9 February 1920 leaves no doubt that the island group is part of the kingdom of Norway. But even so you have to appear as a guest at the two Russian settlements on Norwegian soil.

[Answer] Not just as a guest. As far as I know, the governor visits Barentsburg regularly, once a week. There he is first and foremost a figure of authority. But one can certainly think of situations that require Norwegian civil servants to act as other than representatives of authority. This is true in Barentsburg as it is elsewhere in the country.

I have a funny recollection from Barentsburg in 1960. The Russians found out that my wife loved Russian bread. The result was that everyone in the delegation returned from Barentsburg with big bags of bread. A friendly but unexpected farewell present for most people.

[Question] The Norwegian state has introduced a time limit for jobs on the island group. Many people would like to remain on Svalbard as long as they want to. What about you?

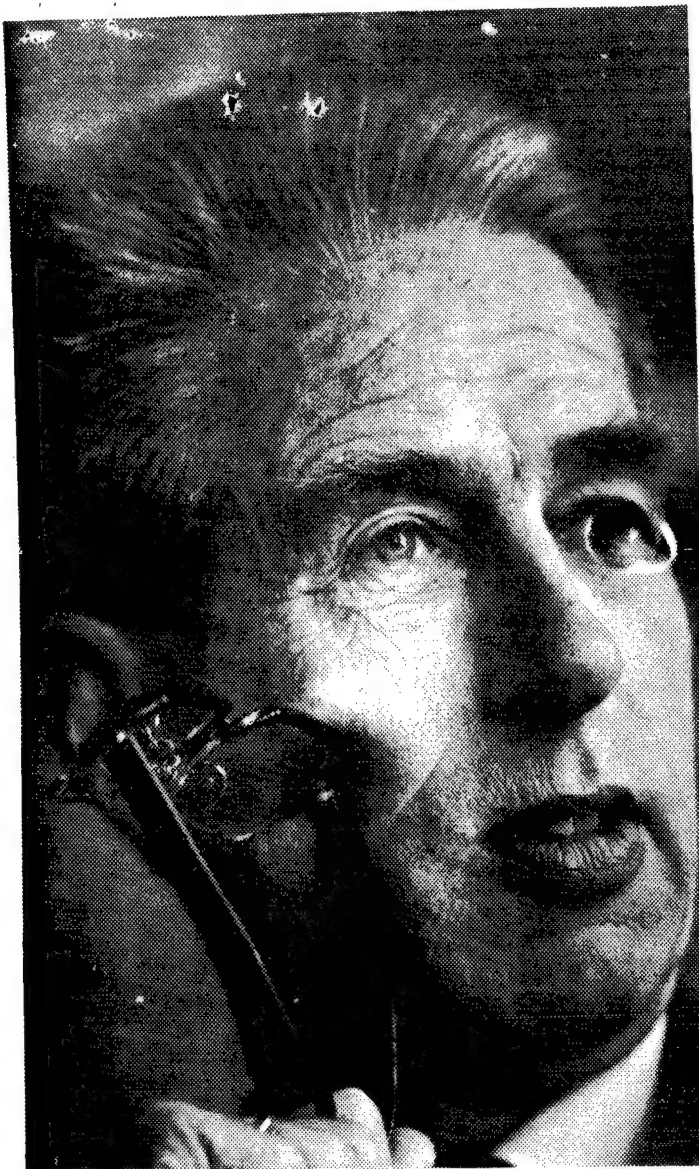
[Answer] I think it is correct that the state places time limits on one's stay on Svalbard, even though problems can arise for families in which one partner is a state employee while the other works for the mines and is employed by the Great Norwegian Spitsbergen Coal Company, Inc.

[Question] Are you tired of being the chief of police in Stavanger?

[Answer] No, not at all. It is a challenging job. And I have good assistants who take care of the many duties.

[Question] But there is a rumor that you are a quiet person who likes his own company best. How will things go in the small Svalbard community?

[Answer] I do not entirely agree with that rumor, but I do not like to be in the limelight and unfortunately, all the work at police headquarters leaves little time for daily contacts with individual policemen.



Police Chief Carl A. Wendt will return to Stavanger Police Headquarters after he has served his allotted time as governor.

[Question] You must have heard about Police Chief Bastian who with a friendly look lays his protective hand over the three robbers, Kasper, Jesper and Jonatan. Is that the way things will be on Svalbard from now on?

[Answer] I do not regard myself as stern, at any rate, and I hope it will be easier to live up to Bastian's motto on Svalbard than it is here in Stavanger.

[Question] And the rest of the family has no objections to this northern wanderlust?

[Answer omitted]

Regional Commissioner and Police Chief

The new governor of Svalbard, Carl A. Wendt, is 59 years old. He passed his final examination in law in 1948 and has worked several places in the country, as chief of police for the last 14 years.

As governor, Wendt will have the same power as a regional commissioner. He will also be chief of police, notary public, and assistant judge on the lower court. Other public functions also await him.

The present governor of the island group is Jan S. Grondahl, who is on leave from his job as police chief in Hamar. Grondahl has been on Svalbard for the 4 years allowed under the service limit regulation.

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NONSOCIALIST PARTIES ARGUE OVER COOPERATION PROBLEMS

Oslo DAGBLADET in Norwegian 29 Jun 82 p 2

[Article by Ivar Hippe]

[Text] The chairmen of the Christian People's Party and the Center Party are reacting strongly to permanent secretary Erling Norvik's move on the weekend. They agree that statements from individual members of the Conservative leadership make it hard to get a nonsocialist coalition government on its feet, and Kare Kristiansen did not hesitate to call the Conservatives self-satisfied. Conservative chairman Jo Benkow, for his part, denied that there was any disagreement in the government party in its view on a three-party government.

Christian People's Party chairman Kare Kristiansen said that Norvik's statement that the Conservatives would not take any initiative to clear things up for a coalition government is indicative of a trend. He told DAGBLADET that he has long realized that some of the Conservative leaders are no longer so interested in a change. He said this was related to the fact that the Conservatives have profited from sitting in the government position.

Satisfied

"The Conservatives are actually quite satisfied with the situation. They have received support on all the vital issues and they are sitting alone with all the key cabinet posts."

Kristiansen stressed that the situation is far more difficult for the middle parties.

"We would have got more by sitting and fighting in the government. This assessment also lies behind Norvik's statement and the same sentiments expressed by Kare Willoch a short time ago. I think this conduct indicates a certain self-satisfaction on the part of the Conservatives."

Want Cooperation

The chairman of the Christian People's Party is sure that there are many people in the Conservative Party who want cooperation. He mentioned AFTENPOSTEN and stressed that the Conservative chairman, Jo Benkow, had not made straightforward statements.

Kare Kristiansen did not agree that the middle parties are in a hostage situation in Storting. He stressed though that the loyalty considerations the middle parties feel toward the government they helped set up are getting in their way in Storting.

Not Interesting

Center Party chairman Johan J. Jacobsen said over the telephone from the United States that he did not consider Norvik's statement of the problem terribly interesting.

"It is not interesting at the present time to discuss who should take the initiative. The two middle parties must first hold their national congresses and there is no reason to expect any Conservative move on cooperation in this period.

"The question of whether we will enter into a nonsocialist coalition government will not be decided on the basis of formal problems, but on the basis of a political evaluation. Against this background, it seems a little unnecessary for a Conservative government which has had a three-party government as an express goal to emphasize this so precisely."

That is what Center Party chairman Johan J. Jacobsen had to say and he concluded by underlining the point that Conservative interest in expanding the government did not seem to be overwhelming.

Agreement

Conservative chairman Jo Benkow told DAGBLADET that he agreed completely with Erling Norvik's description of the situation. He said it is true that the ball now lies with the two other parties and that they must now straighten out the foundation for cooperation. He also flatly denied that there is lack of agreement on the part of top Conservative leaders:

"We have always been interested in cooperation. In the first place, our moves in this situation do not involve tactics, and in the second place they do not express disagreement," Conservative chairman Jo Benkow said by telephone from New York.

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CSO: 3108/125

GRO HARLEM BRUNDTLAND SEES 'TOUGHER SOCIETY' DUE TO WILLOCH

Oslo ARBEIDERBLADET in Norwegian 14 Jun 82 p 6

[Text] "There is reason to fear that the government's economic plan will result in more unemployment, a stepping down of welfare benefits and a tougher society in which to live," said Labor Party leader Gro Harlem Brundtland in a talk with the Labor press after the conclusion of this session of Storting.

She pointed out that the government's ideology is based on giving priority to market forces. District policy measures will be moderated and public consumption will be cut back.

"But so far we have seen only the contours of the political reformation. The budget debate in the fall will be the serious and demanding cross-roads for the nonsocialist parties. And then it will no longer be enough to use words to cover up disagreements and special issues that crack and burst all justifiable limits. Policy is not just a matter of saying yes. Policy requires making choices. Yes to one thing means no to something else. The three nonsocialist parties have gained the confidence of the voters that they will say a joint yes or a joint no on political priorities. So they cannot evade this responsibility by saying yes and no individually without being held accountable for the total result," said Harlem Brundtland.

Government Crisis

Concerning the chances for a total nonsocialist collapse and a shift in government, the Labor Party chairman said:

"The only way AP [Labor Party] would assume government responsibility in this period would be if there were a total nonsocialist collapse. In that kind of situation, the country would be involved in such a grave political crisis that the biggest party in Storting would have to be prepared to assume the responsibility for forming a government."

Harlem Brundtland thought the reason this question came up with increasing frequency now was that many people feel we have a weak government and a

platform for a unified, responsible guidance of the nation in a difficult time that is not very credible or solid.

Evading Promises

"Before the election last year, the Conservatives, KRF [Christian People's Party] and SP [Center Party] asked for the voters' support for their joint rule. While the Conservative Party was promising big tax relief measures, Conservative, KRF and SP speakers were touring the country, promising higher public investments in a number of areas that would require billions in spending. We pointed out the inconsistency and the fact that one could not get more for less, but we did not get any reply as to which policy the three parties intended to pursue in a coalition government position. We did not get any reply as to which mutual benefits would be cut to cover the Conservatives' tax promises or how quickly the Conservatives would abandon their tax commitments in order not to hit the welfare state too hard. But after the three parties received a majority so they could govern, we gradually had these things revealed. Now the cracks are starting, the inconsistency in policy, the attacks on the welfare state and the growing prominence of the evasion of tax promises," said Harlem Brundtland.

Shift to the Right

However she maintained that even though many of the individual bills of the Conservative government were not very dramatic viewed in isolation, they are all heading in one direction. To the right. The weakest people are hit and the strongest are rewarded. Less in mutual benefits in order to give tax relief to those making the most money. More leeway for market forces at the expense of community feeling.

To illustrate this, the AP chairman pointed to the following things the government has proposed since it came into power:

A reduction of 100 million in aid to developing countries, a higher personal payment for doctor's visits, less to job market measures, cutting public jobs, 4000 fewer homes financed by the building fund, repeal of rate regulations for condominiums and a sharp increase in housing rates that will hit those seeking housing very hard with higher housing costs, a sharp increase in mass transit rates, a change in farm policy that could affect small farms and districts adversely, reduced subsidies for food products, resulting in more expensive food.

Tougher Society

"The list could have been made much longer," said Harlem Brundtland, but she added that these examples illustrate the change in course the government has made and which she fears will lead us into a tougher society.

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CSO: 3108/123

CONSERVATIVE PAPER APPLAUDS WILLOCH GOVERNMENT'S FIRST YEAR

Oslo AFTENPOSTEN in Norwegian 14 Jun 82 p 2

[Editorial]

[Text] On a very central issue, the spring session of Storting ended with the same question that was also in the foreground when the session began. And it is this: how will the three big nonsocialist parties, who received a joint majority large enough to enable them to run the country in the election last year, handle their mandate from the voters in a responsible way? The three parties have not yet been able to give a convincing answer to this question, despite the fact that political developments have created a greater need for clarification.

This does not imply any disapproval of the work performed by the Conservative government. Far from it. When it comes right down to it, few governments--if any at all--have accomplished more in such a short time. The political change of course can be detected in a number of areas. But like all minority governments, the Willoch government, dependent as it is on support from other parties besides the Conservatives, has limited opportunities to carry out an overall policy that can solve the key problems of Norwegian society in both the short and the long term. In the economic sector this involves problems we simply have to do something about to avoid ending up in the same situation as Denmark. This calls for a firmness and stability that only a majority government can provide.

The tactical considerations that have guided the behavior of each of the nonsocialist parties in the current situation to a large extent have not taken the /joint/ [in italics] political obligations into sufficient account. And in view of the major political goals the Conservatives, Center Party and Christian People's Party won support for in the election, this "tactical maneuvering" is especially dubious. Even though the three parties quickly agreed to abandon the idea of forming a majority government last fall, one cannot avoid the feeling that these parties have an overriding joint responsibility to administer the nonsocialist Storting majority in such a way that this produces decisive and eloquent results. None of the three parties can repudiate this responsibility. Consequently they will be forced to take a stand on both goals and means and map out a

mutual policy on that basis. The question that should be decided in political chambers as soon as possible is whether nonsocialist commitments are best safeguarded with a minority government that must negotiate more or less out in the open on central political issues--in other words, through the mass media. Everyone knows--and especially the leaders of the nonsocialist parties--that such a procedure will be unfortunate in the long run.

When the now concluded spring session began, we expressed the hope that the responsible leaders of the Conservative Party, the Christian People's Party and the Center Party would try to arrive at a unified strategy for nonsocialist cooperation for the rest of the current Storting period. We repeat this hope and would like to see a nonsocialist majority government--which was the goal in the last election--come about as an extension of increasingly improved cooperation, as the "crowning touch," and not as the result of a shattering parliamentary crisis. The longer these questions are allowed to remain hanging without a clarifying stand being taken, the greater the risk that the second alternative could become a fateful reality.

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CSO: 3108/123

PCE DEEMED FINISHED AS POLITICAL FORCE

Madrid EL PAIS in Spanish 25 Jun 82 p 16

[Article by Antonio Elorza Professor of history at Complutense University; Communist activist until December 1981: "PCE: Normalization"]

[Text] The author asserts that the present situation is the beginning of the end for the PCE as an effective political force. Internal democracy has been crushed, and the apparatus and its secretary general are victorious, although it is not very well known over whom, since, between 1968 and 1980, the PCE has broken many ties with the past and is now too weak to undertake a "retreat in the French manner." The old leadership, with Carrillo at the head, is blocking any prospect of change from within and is making the process of disintegration of the party irreversible.

Don Miguel de Unamuno gave a name to the disaster of Annual because of its proximity to the symbolic festival of Santiago Matamoros. A rather abrupt title but, perhaps, one which deserves to be mentioned in speaking of the latest episode of the PCE crisis. The indisputable supremacy of the protagonist stands out in the event. It again evokes a disaster, this time that of Andalucia, which places that party on the road to gradual mediocrity and insignificance which other European communist parties previously experienced. And, especially, it has the appearance of fright, defeatism, and it embodies the absurd element in which the events of recent days have been so rich. Let us stress the new concept of responsible resignation in face of the irrevocable, which, in truth, is sometimes reserved for those who are senseless. Oh, the delightful hierarchy of the divine inspirations to withdraw the resignation of the Executive, with Carrillo at the head of the list, Sartorius in 9th place and Camacho in 10th. This is not to speak of the allusion the secretary general made over the radio to the renewal concept prevailing in the administrative organizations of his party, nor of the open doors for the return of those who are enjoying ambient monolithism in silence.

And at this point especially, we have the stupendous pirouette which makes it possible to soar above reflection on the Andalusian failure, concealing any critical initiatives with the bugaboo of a resignation which, Carrillo is well aware, his faithful followers will not sanction. The rope has twisted one more time: Andalucia is being relegated to second place, Sartorius and

Camacho are losing the traditional stepping stone of communist normalizations and, finally, on behalf of the 10th congress, every discrepancy is being stifled through coresponsibility toward the outside. Of course, this is costly with regard to public opinion. But this does not seem to worry Carrillo. If things go badly, he will return to the profession of journalist which he abandoned 18 years ago and will write a few books.

But the situation of the communist party is disturbing. As Sartorius warned, all the red lights have been shining brightly for some time. The militancy is in a free fall, like the electorate. The area of influence is torn between the pro-Soviets, officialists and leftover renewers. In particular, from a Euro-communist perspective, there is a keen awareness that these failures now appear irreversible. All hope has been lost of capitalizing, in democracy, on that capacity for political action shown in opposition to Francoism. Neither inside nor outside the party has there been any democratic break. Stalinist obstinacy is continuing here just as worker strangulation, so effective, and, fortunately, so crushed in the Andalucian campaign. In short, like the internal correlation of the passive revolution experienced by the country during the democratic transition, the old leadership, with Carrillo at the head, is blocking every prospect for change from within and, with incredible timing, is initiating--one after the other--proposals which are invalidating the Eurocommunist proposal itself, making the process of disintegration of the party irreversible.

Bankruptcy of Democratic Communism

One of the main themes of the renewers was "the new-type party." It was a two-edged proposal. On the one hand, it tended to overcome the obvious disagreement between the party and civilian society, finding ways to deal with new problems and social impulses (from the citizen movement to the feminist or ecological). On the other, it purported to resolve the contradiction between a political project based on socialism as an accomplishment of democracy and the persistence of organization forms inherited from the Stalinist era. It was not just a question of eliminating democratic centralism, a model which, until the end of the 1920's, had been compatible with intense discussion, even after the notorious prohibition of factions, but rather of recognizing its historic significance and appreciating the fact that the operation of communist parties was continuing, above all else, to be heir to Stalinist coagulation.

The characteristics of the latter are known: perpetual leaders, sanctified (especially, the perennial secretary general, direct heir of the "great helmsman"), political discussion limited to a summit meeting which prohibits the dissemination of any true information at lower levels, bureaucracy, conversion of democratic movements into legitimizing rituals of cooptation. Moreover, the still recent examples of the normalization of the Czechoslovak PC and the retreat of the French PC, beginning in 1977, succeeded in illustrating that, from the traditional organizational model, it was always possible to return to regressive behavior.

Changing the party had thus been converted into an urgent task, both to preserve the political potential of the struggle of the Spanish communists for

democracy and to avoid the return of a past which Eurocommunist professions of faith were concealing less and less effectively. Signs of alarm followed one after the other, and from the most diverse angles. The fifth congress of the PSUC [Unified Socialist Party of Catalonia] revealed the true absence of an internal projection on the part of Eurocommunism, leaving the field free to the persistence of pro-Sovietism in a militancy of very short political cultivation. Everyone could follow the political zigzags traced by the exclusive will of the chief, without the least sign of self-criticism, even after mistakes such as the Suarez-Felipe political wedding, ballyhooed in the elections of 1979. A mixture of incompetence and suspicion dominated the militancy crisis of the professional and intellectual sectors. Here and there we saw emerging obviously absurd rumors, like the cult attributed in MUNDO OBRERO to figures such as Kim Il-sung, Ceaucescu or the Iraqi regime, not to speak of that revealing intervention of Ignacio Gallego in a program of LA CLAVE on Yugoslavia, stifling, in the name of socialist democracy, a poor dissident Serbian who was hoping to find a "Euro" defender of civil rights.

The various pieces of the puzzle fell into place, we would say dramatically, in the congressional discussion of 1981. Nevertheless, when the renewers and Basque communists were planning something obvious at the end of 1980, no one suspected that the distance was so great that Eurocommunist policy would require a Eurocommunist party. For the moment, openly confronting the few who, however timidly, were proclaiming that Eurocommunism was a matter of foreign Eurocommunist policy carried out ever since the party "of all time" came into existence. Naturally, the accounts were already settled as far as the silent majority of the apparatus was concerned. What followed is well known, and two journalists have just revealed this in a booklet entitled: "The Heretics of the PCE"; each proposal or movement for change gives rise to a harsher answer.

After the 10th congress, the verb "to crush" began to be conjugated seriously. As in old times, a communist party in a crisis of militancy and social influence used to recover its security by proclaiming itself a class and vanguard party, and by internal housecleaning. Dramatically discovering the weakness of his own game, Carrillo then defined Eurocommunism restrictively, according to the circumstances of time and place, as the communist formula for the present time and geographical area, while one after the other of the topics of yester-year were returning: the "morass of social democracy," the tradition of October 1917, including--in larva stage--the "international communists movement," of which our PCE claims to be an independent and critical component. The only thing lacking was the union as a conveyor belt; however, it seems that this is also changing. And, on top of everything else, the sacred formula of the party "of all time," with opinion trends suppressed as factions, monolithic in its operation, the militants renouncing all discordant expression outside the party and without any possibility--in major options--for anyone to disagree with those which the secretary general records as having been made by the administrative organizations. Not in vain is this the basic content of the latest resolution, apparently conciliatory, of the communist executive group in the Camacho-Sartorius crisis. Using the old formula, one thing is clear; internal democracy is crushed; the apparatus and its secretary general are victorious, and without the slightest shadow of dissidence.

But victorious over whom? Because, between 1968 and 1980, the PCE has broken too many ties with the past (specifically, the USSR), and is now too weak to undertake a retreat in the French manner. The PSOE [Spanish Socialist Workers Party] does not need it, according to what was seen in Andalucia. And the complete program of normalization and return to the points of origin dictated by Carrillo in recent months, epilogue included, contains sufficient data to question the sincerity of his democratic communism. It is not unjust to think that one who thus manipulates the rules of internal democracy in his party, even putting the cart before the horse in the personal question of the discussion of the Andalucian disaster, without disdaining to use the supreme coercive form--namely, tactical resignation--to pacify the opposition and close ranks, would have no other political motive than to achieve power. His Eurocommunism is thus reduced to simple etiquette without the mobilizing capacity of the old Soviet myth and drained of any democratic content. But beyond a return to constitutional order which he reserves for himself alone, and, with more measures, for the socialist party.

Decisive Blow

This 's, we think and would like to be mistaken, the beginning of the end for the PCE as an effective political force. Looking at the past, the squandering of a political potential accumulated under the Franco regime, and a decisive blow, at least over the short term, to the prospects of having a truly socialist Left in Spain. On the other hand, what has happened is not at all strange in light of the experiences accumulated in the history of communist parties. According to what he noted in his memoirs on the Czechoslovak case of Zdenek Mlynar, theorist of the "Prague Spring," true ingenuity consisted in wanting to overcome--through compromise and gradual progress--the traditional obstacles which are opposed to reformist communism in the organization of the party.

The end of Eurocommunism? At least a redefinition, and, yes, the end of a mirage. As in the plans for popular democracy in 1944-1947, Eurocommunism has been a new unsuccessful attempt to reconcile socialism and democracy, to eradicate the Leninist original sin of 1917-1919. There were some positive results with respect to criticism of the Soviet model and accomplishments on the democratic terrain. But, after the setbacks suffered by the PCF and the PCE, one point seems clear: the area of democratic communism is reduced to the particular case of the Italian Communist Party. The others, as of now, are merely the remains of parties. As far as we are concerned, and in the hope that Carrillo will not transmit his capability for self-destruction to the CC00 [Workers Commissions], very soon there will remain only a few lifetime posts, an elderly group of militants, a world of memories and rancors, a half dozen deputies and our friend, Kim. That is very little compared with what there could and should be.

PSOE'S ANDALUCIAN CABINET INCLUDES SOCIALISTS, TECHNOCRATS

Madrid EL PAIS in Spanish 19 Jun 82 p 19

[Article by Jose Aguilar]

[Text] Miguel Manauto, secretary general of the Union of Farmers and Cattlemen of Andalucia (UAGA), and Javier del Rio, official appointee to the Ministry of Finance, are two independents who are forming part of the first Andalucian socialist government, to be headed by Rafael Escuredo. The cabinet, which is almost completely formed, will have 10 officials, including Luis Yanez and Jose Rodriguez de la Borbolla, chairman and secretary general of the PSOE [Spanish Socialist Workers Party] of Andalucia, respectively.

The presence of the Andalucian socialist leaders was sponsored by Rafael Escuredo, and it is hoped that there will be greater mutual understanding between the president and the party than in the past. The fears expressed by Yanez that the tasks of governing will prevent them from fully directing the socialist organization were rejected by the other PSOE leaders, and even Felipe Gonzalez and Alfonso Guerra thought the two inclusions opportune. As a result, Luis Yanez will be adviser of health and social security and Rodriguez de la Borbolla, adviser of the interior.

In reality, Escuredo, Yanez and Rodriguez de la Borbolla collaborated closely in drawing up the regional government, and their differences were generally well overcome. The president's proposal that the Council of Education be assigned to an independent, Guillermo Jimenez, rector of Seville University, was turned down on the basis of two arguments: that political priority in Andalucia should be directed toward the EGB and not the university--a subject which the candidate knew better--and that, if this department were given to an independent, it could give the impression that the PSOE was dodging the complicated problem of teaching, which was the subject of lively debates during the electoral campaign.

There was yet another problem: If Guillermo Jimenez was appointed education adviser, that left Cordovan Manuel Garcia without a position, after he had decided to abandon the leadership of his party as part of the committee of education of the Congress of Deputies precisely with the promise of taking

education of the Congress of Deputies precisely with the promise of taking over that responsibility in the Andalucian cabinet. Thus, Gracia will be the Andalucian Minister of Education.

Another outstanding aspect of the autonomous executive group is the presence of two independents. Miguel Manaute, secretary general of the UAGA, will be in charge of the Council of Agriculture. Javier del Rio, in turn, inspector of the Ministry of Finance in Seville, was a classmate of Escuredo.

"The appointment of these two advisers is in keeping with our declared proposal of achieving a policy of integration of those who want change and progress for Andalucia," a socialist spokesman said yesterday.

The councils of culture and territorial policy will be taken over, respectively, by Rafael Roman and Jaime Montaner who were already exercising those functions during the pre-autonomous phase to the full satisfaction of the socialist leaders. It should be added that the Council of Territorial Policy will have very broad responsibilities.

It is also worthy of note that Amparo Rubiales, former member of the PCE Central Committee, was added to the administration as assistant to the presidency; he had militated in that party until last January. Julio Rodriguez, in the Ministry of Finance, and Joaquin Galan, in the Ministry of Labor, complete the first autonomous cabinet in the history of Andalucia.

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NEW FORCES CHIEF OF STAFF ROLF EIOS VIEWS MISSION

Oslo ARBEIDERBLADET in Norwegian 12 Jun 82 pp 18-19

[Interview with Lieutenant General Rolf Eios by Harald Stanghelle]

[Text] [Question] Can a weapon be beautiful, General?

[Answer] Yes, a weapon can be beautiful. Its shape. The object itself. But also in a broader sense. For these weapons are manufactured for one purpose, namely to defend Norway.

Lieutenant General Rolf Eios received us in his office at the headquarters of the Armed Forces High Command. Behind him on the wall hung some old army rifles. They are on loan from the Armed Forces Museum and all have roots in Norwegian military history.

[Eios] If you ask about the history of the weapons, you will not get any answer from me, he said quickly.

On 1 July he will leave this office for one a story higher up in the armed forces building to become chief of staff of the Norwegian Armed Forces. In plain language this means that he will be the second highest officer in this country. The only person he has to salute is the chief of the Norwegian Armed Forces. And the royal family, of course.

Naive Peace Movement

[Question] Things are quiet around the armed forces just now. The ML's [expansion unknown] of former days are more concerned with learning to defend themselves than with fighting for fewer full-pack marches and more variety in the food. Opinion polls indicate that Norwegians are for NATO and the armed forces and that officers are in fourth place on a list of occupational status ranking.

Of course they do not get everything they want, but there are no more loud complaints.

Even so, seldom have people in western countries indicated more strongly that they fear a world that is controlled by weapons. Hardly any other

issue has drawn such large crowds at meetings of farm women's societies and voter associations. The subject of new roads through rural districts might have more interest. Does a general understand the fear that lies behind this involvement?

[Answer] I can answer with a simple yes, I can understand it. No one knows the effects of nuclear weapons better than the officers. Therefore, we wish they had never been discovered. And I do not ignore the fact that anti-nuclear sentiment is helping to push for negotiations.

[Question] Of course, generals have some reservations.

[Answer] Yes, for to be quite honest I think a good deal of the involvement is a little naive. Unilateral arms reduction would weaken a negotiating situation.

[Question] So one might think.

[Answer] Just listen. We defense people want peace too. This is true of the entire western world. And we certainly do not want to have a war in which nuclear weapons are used. But we cannot close our eyes to the fact that this has a deterrent effect today. For an assailant, the element of uncertainty involves "which weapon will be used to combat us." We cannot ignore this concealed threat. Therefore, this is the wrong time for protests. Now we must let the politicians negotiate, said a convinced lieutenant general.

Milorg

Outside the office window the Guards' Music Corps disrespectfully tries to drown out the general's polished Harstad dialect with an energetic practice session of the "Old Huntsmen's March." It does not affect Rolf Eios.

Nor does a platoon in "closed formation" on schedule cause him to raise his eyebrows. He has lived his entire adult life in a military environment, after all.

Although "adult" is overstating it. When he was only 15 years old he joined the Milorg group. That was back in 1943.

They were not involved in "big actions," he said, without wishing to be more specific about the "small matters."

[Question] But what makes a young man decide to become an officer?

[Answer] For us in Harstad it was a very natural occupational choice. We grew up with the military camps in town. The military was a natural part of the street scene and "officer" was not a dirty word.

[Question] Did you ever have doubts about a military career?

[Answer] Yes, as a matter of fact. I accumulated some workshop training during the war. I considered technical school or something like that, but I went into the military after all.

Officer Mentality

The new armed forces chief of staff speaks loudly and clearly, as they say in communications terminology. And he is not without humour. It is hard to imagine him as a barking sergeant or a tyrannical second lieutenant.

It is usually that way with generals. They make one forget the unreasonable platoon leader who orders a third polishing of one's best shoes before one is set free to enjoy a leave from recruit school.

Well, we will not bore the reader with stories from the interviewer's hectic military career. Something along the lines of, "Do you remember that awful sergeant?" We know people who claim that when men talk about their military service, it is just as exclusive as it is when women describe their childbirth experiences.

[Question] Even so, Eios, you must agree that officers do not always treat their men with much understanding.

[Answer] There has been an enormous development when it comes to dealing with personnel. The armed forces cannot isolate itself from what is going on in the rest of society. Take such a concrete thing as the fact that the education level is much higher today than it was just a few years back. We get many more modern young people in for basic training now than we used to. We have to take that into account.

[Question] And the officers understand that?

[Answer] There is a change going on. The officers have also been through a certain growth process. An interaction between officers and men has been occurring. Although, to be honest, I must admit we have some who are lagging behind. Let me also add that we have had and must continue to have a defense system in which an order is still an order.

The last statement was made with such conviction that one was not tempted to start a discussion with Rolf Eios.

Too Easy to Refuse to Serve

Oh, well. The defense system can have as much work as it likes in a troubled world. The treatment of personnel may have become more liberal. Applications for officers' training have never been better.

[Question] Even so, there have never been so many people being excused from military service, have there?

[Answer] No and that worries me. I have never understood some of those who are exempted. Yes, I would say it is much too easy to get out of military service.

[Question] So you do not accept the idea that young men can also have convictions that lead them to refuse to bear arms?

[Answer] The defense system has always accepted people who refuse to serve due to religious convictions. We will continue to do so. What I refuse to accept is the so-called political and situation-related conscientious objectors. That is where the line should be drawn.

[Question] But you continue to get the majority of young Norwegian men to go along with you.

[Answer] Luckily and I am trying to see that they benefit from it. Those who fulfill their obligations as citizens are not thanked enough. For example, in hiring people for state and municipal jobs, people who have completed their military service should have a clear advantage.

Fishing in Tjeldsundet

The statement comes as no surprise from Eios. He says he would rather talk with the soldiers in the Klov Company stables than with any glib speakers at a review. During his inspection trip of the United Nations force in Lebanon, he became known as an unusual general. He did not go along with his highranking companions to listen to learned orientation briefings. No, Eios went high and low. In and out of positions and reserve areas. Up and down into muddy trenches. Asked blunt questions and took notes. They were not used to generals taking that kind of interest in the soldiers.

Now he is at the top. After spending his whole life in the green army uniform. His wife maintains they have moved from one house or apartment to another 23 times in the course of these years. And one wonders what this kind of officer does when the uniform is hung up in the closet for a while.

We might have known. For it is only generals who are "set up" with summer cabins. Much can be said about them, but they do not stint themselves.

[Eios] I spend my spare time in a rowboat in Tjeldsundet, fishing for pollack. The latest report from the sound is that the pollack have come in. I am set up with a summer cabin in Norway's best fishing region.

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END